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SUBJECT: VENEZUELA'S UNSC CANDIDACY; ARGENTINE ANTI-TERRORIST
FINANCING LEGISLATION; BRAZILIAN UPCOMING ELECTIONS; ARGENTINE
MINISTER DE VIDO'S STATEMENTS ON PRESIDENT KIRCHNER'S TRIP TO THE
US; MERCOSUR; 09/26/06; BUENOS AIRES

1. SUMMARY STATEMENT

Leading international stories today include US reproach Argentina for its support for Venezuela's candidacy for a seat at the UN Security Council; former Argentine Economy Minister Roberto Lavagna supporting Uruguay as a "natural candidate" to replace Argentina at the UN Security Council; the Argentine Government submitting a draft bill to fight terrorist financing; Brazil's upcoming elections; Argentine Minister De Vido's statements on President Kirchner's trip to the US; and Mercosur's need for reshuffling so that intra-industrial trade can develop in the region.

2. OPINION PIECES

- "The US scolds Argentina for its support for Venezuela's candidacy for a seat at the UN"

Ana Baron, Washington-based correspondent for leading "Clarín," comments (09/26) "Following Chavez's speech at the UN in which he called Bush a 'devil,' the US has redoubled its offensive to prevent Venezuela from obtaining a seat at the UN Security Council.

"During a meeting in the framework of the UN General Assembly in New York, US Secretary of State Condoleezza Rice asked Argentine FM Jorge Taiana 'How is it possible that Argentina will vote in favor of Venezuela?' According to a US source who asked not to be identified, Rice knows that Argentina has already coordinated its vote with the other Mercosur countries and that it will hardly change it.

"Taiana also told Rice that Venezuela is a South American candidate and that Argentina does not want to isolate it. Rice replied 'Yes, but this is the (UN) Security Council.' She is obviously starting to pressure Argentina to support a third candidate in the event neither Venezuela nor Guatemala manages to gather the necessary votes to win the election, as many have predicted. According to the source, Mike Matera, DCM at the US Embassy in Buenos Aires, also received instructions to speak with the (Argentine) Foreign Ministry on the issue.

"However, Javier Porta, spokesperson of the Foreign Ministry, denied that Rice spoke on the Venezuela issue with Taiana. 'Argentina is not analyzing a third candidate. Our vote will be for Venezuela.'

"... Anyway, Latin American diplomats increasingly believe that Chavez will not manage to obtain the 128 votes that are required to win. It would not be the first time a country does not manage to gather the 128 votes required... Now, reportedly, the candidate supported by most voters could be Uruguay or Costa Rica. It is said

at the UN that, through his speech, Chavez wanted to polarize the situation in such a way that if he lost the election it would well be argued that his defeat was due to the US lobby."

- "Lavagna does not want Venezuela at the UN Security Council"

Conservative "La Prensa" reports (09/26) "Yesterday, former Economy Minister Roberto Lavagna proposed Uruguay as a 'natural candidate' to replace Argentina as a non permanent member of the UN Security Council.

"In this way, he distanced himself from the (Argentine) Government, which promotes the candidacy of Venezuela, while the US is supporting Guatemala for the October 16 election.

"Lavagna said that 'Uruguay is a small but serious and responsible country.'"

- "Argentina wants to punish terrorist financing"

Martin Kanenguiser, economic columnist of daily-of-record "La Nacion," comments (09/26) "The (Argentine) Government will submit a draft bill to Congress before the end of the year to sanction terrorist financing in response to the strong international pressure for said legislation. However, it will avoid sanctioning social protest movements.

"According to official sources, a committee of legislators and members of the Government is preparing a draft bill seeking to avoid sanctions from the Financial Action Task Force (FATF), which will evaluate in February whether Argentina has honored demands related to this controversial issue.

"A US Treasury Department advisor, Theo van Lingen, warned last week that if the country does not have this legislation, it could suffer increasing international financial isolation. Sanctioning terrorist

financing is a top priority on the Bush administration's agenda."

- "Despair and the lessons of history"

Oscar Raul Cardoso, international analyst of leading "Clarín," writes (09/26) "... We should see what is happening in Brazil right now from a broader point of view than only based on corruption charges. It is impossible to deny that behind this last scandal, there is the despair of some opposed sectors to prevent Lula from obtaining a sliding victory...

"The truth is that for an influential sector of society, Lula's victory four years ago and his expected victory now are just obstacles. This aversion of the 'thinking' Brazilian sector, for which not even Lula's economic pragmatism makes him more acceptable, has elements of class discrimination and even racism. This is why even the old representatives of the latest military dictatorship have agitated the ghost of institutional rupture...

"They will find it hard to meet their goal - for this purpose, Lula would have to lose about 8 per cent in vote intention and the remaining time for this purpose does not seem to be enough. Nonetheless, Lula should start thinking what everything will be like in the aftermath of his election victory - Richard Nixon obtained his second term in office by 60 per cent of votes, which was a sliding victory in spite of corruption charges against him; however, two years later, he had to leave the White House in disgrace due to the same scandals voters had not focused on previously."

- "De Vido emphasizes Argentine mission to the US was 'a milestone'"

Business-financial, center-right "InfoBae" reports (09/26) "Argentine Planning Minister Julio De Vido pointed out that during President Nestor Kirchner's recent visit to the US, there was 'great interest in Argentina' among international investors, which was demonstrated at the Council of the Americas.

"The Argentine Government official, who termed the Argentine

president's trip to the US 'a milestone,' defended the Argentine Government policy on public service rates...

"... After a meeting with community leaders, De Vido added 'Argentina did not go to the US to ask for loans, we do not want to get indebted. Instead, we want to attract investment.'"

- "Reshuffling Mercosur"

Leading "Clarín" carries an op-ed piece by Marta Bekerman, head of the Center of Economic Structure Studies, School of Economic Sciences, National University of Buenos Aires, who writes (09/26) "It cannot be denied that Mercosur elicits far less enthusiasm than at earlier times. This coincides with deep changes in our commercial ties with Brazil.

"... Mercosur largely depends on its reshuffling so that an intra-industrial trade can be developed in the region. This means that the Mercosur countries can increasingly purchase and sell industrial products...

"... Attempting it will be worth it. The increasing protectionism in the international scenario shows how important it is to strengthen the region and provide it with the ability to negotiate with third countries."

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